

April 25, 2016

Company name: Nippon Paper Industries Co., Ltd.  
Representative: Fumio Manoshiro, President  
(Stock Code: 3863, First section, TSE)

## **Nippon Paper Industries Co., Ltd. Announces Conclusion of Integration Agreement with Tokushu Tokai Paper Co., Ltd. Concerning Containerboard and Sack & General Purpose Kraft Paper Business**

As Nippon Paper Industries Co., Ltd. (hereinafter, "*the Company*") announced in the press release "Nippon Paper Industries Co., Ltd. Announces Conclusion of Basic Agreement with Tokushu Tokai Paper Co., Ltd. Concerning Containerboard and Sack & General Purpose Kraft Paper Businesses", dated October 7, 2015 (hereinafter, "*the MOU Press Release*"), the company executed a basic agreement (hereinafter, "*the MOU*") with Tokushu Tokai Paper Co., Ltd. (hereinafter, "*Tokushu Tokai Paper*") concerning their containerboard and sack & general purpose kraft paper sales business (hereinafter, "*the Business*") for the purpose of achieving the further enhancement of the competitiveness of their Business. This MOU covers the demerger of the manufacturing business at Shimada Mill of Tokushu Tokai Paper (hereinafter, "*Shimada Mill*") and the Company's investment in the New Manufacturing Company (defined later) (hereinafter, "*the Investment*") and the integration of their sales functions of the Business (hereafter, the transactions stated above are collectively referred to as "*the Business Alliance*").

The Company announces that, the Company and Tokushu Tokai Paper kept on discussing to actualize the Business Alliance based on the MOU with having mutually equal spirit and finally, through the resolution of the Board of Directors of both of them today, conducted the integration agreement (hereinafter, "*the Integration Agreement*"), which contains the terms and conditions of the Business Alliance, and the shareholders' agreements (hereinafter, "*the Shareholders' Agreements*"), which prescribe to jointly operate the New Manufacturing Company and the New Sales Company (defined later). In accordance with the Integration Agreement, by May 2016, Tokushu Tokai Paper and the newly established company for the demerger of Shimada Mill (hereinafter, "*the New Manufacturing Company*") will conduct an absorption-type company split agreement for an absorption-type company split (hereinafter, "*the New Manufacturing Company Split*") by which rights and obligations, including the manufacturing function of the Business of Tokushu Tokai Paper, that Tokushu Tokai Paper owns related to its business operated in Shimada Mill will be transferred to the New Manufacturing Company on October 1, 2016 (hereinafter, "*the New Manufacturing Company Split Agreement*"). In addition, by August 2016, the Company and the New Manufacturing Company will conduct a share undertaking agreement (hereinafter, "*the Share Undertaking Agreement*") for the Investment, which will be effective on October 1, 2016.

Furthermore, by mid-August 2016, the Company and Tokushu Tokai Paper will respectively conduct an absorption-type company split agreement among a company which the Company will establish for the purpose of the integration of their sales functions of the Business (hereinafter, "*the New Sales Company*") for another absorption-type company split (hereinafter, "*the New Sales Company Split*") by which rights

and obligations, that the Company and Tokushu Tokai Paper respectively own related to their sales functions of the Business, will be transferred to the New Manufacturing Company on October 1, 2016 (hereinafter, “*the New Sales Company Split Agreement*”).

The New Manufacturing Company Split is subject to the approval of the New Manufacturing Company Split Agreement by the general meeting of shareholders of Tokushu Tokai Paper that will be held on June 24, 2016 and the New Sales Company Split will be implemented without approval of shareholders meetings of the Company and Tokushu Tokai Paper by way of a short-form company split pursuant to the provisions of Article 784, Paragraph 2 of the Companies Act.

As announced in the MOU Press Release, the Business Alliance is subject to the approval by the Japan Fair Trade Commission.

## **I . Background and objectives of the Business Alliance**

The Japanese paper industry business environment remains challenging amid rising wastepaper prices and excessive production capacity.

Based on the recognition that cost and quality competition is set to increase further in the future, the Company and Tokushu Tokai Paper concluded the MOU on the Business Alliance on October 7, 2015 to increase business efficiency by combining their production know-how regarding the Business and integrating their sales function of the Business as well as meeting various needs of both of their product users with diversified production capacity. Through the Business Alliance, the Company and Tokushu Tokai Paper will optimize their production, considering their product users’ needs and production and distribution cost from respective production bases, and will establish a sales structure that will bring maximum profit.

Based on the MOU, the Company and Tokushu Tokai Paper discussed the Business Alliance while having mutually equal spirit, and both parties concluded the Integration Agreement on the Business Alliance today to strengthen the cost and quality competitiveness of the Shimada Mill as well as establishing an efficient sales structure and improving service levels in the Business.

Through the Business Alliance, by achieving objectives (1) and (2) below, the Company and Tokushu Tokai Paper aim to enhance their competitiveness and accelerate the growth and development in the Business and eventually to be companies more trusted by all of the stakeholders, including both of their product users.

- (1) By combining their production know-how regarding the Business, the Company and Tokushu Tokai Paper will work together to increase production efficiency of the New Manufacturing Company, improve quality competitiveness, and reduce costs.
- (2) The Company and Tokushu Tokai Paper will integrate their sales function of the Business into the New Sales Company to combine sales know-how regarding the Business, reduce costs and establish a competitive sales structure.

In addition, the Company and Tokushu Tokai Paper will discuss and examine possibilities to increase their competitiveness in the Business through the joint procurement of raw materials, fuel and other materials.

Moreover, leveraging the Business Alliance as a first step, the Company will examine possibilities to build the kind of strategic partnership with Tokushu Tokai Paper which enhances their competitiveness by generating synergies in the household paper and specialty paper areas.

## II . Details of the Business Alliance

### 1. Schedule of the Business Alliance

Conclusion of the MOU concerning the Business Alliance	7 October 2015
Resolution of the Board of Directors	25 April 2016 (today)
Conclusion of the Integration Agreement and the Shareholders' Agreements	25 April 2016 (today)
Conclusion of the New Manufacturing Company Split Agreement	May 2016 (tentative)
Tokushu Tokai Paper General Meeting of Shareholders (Note1)	24 June 2016 (tentative)
Conclusion of the New Sales Company Split Agreement	By the middle of August 2016 (tentative)
Conclusion of the Share Undertaking Agreement	August 2016 (tentative)
Completion of the transactions (Note2)	1 October 2016 (tentative)

(Note1) The Company and Tokushu Tokai Paper plan to conduct the New Sales Company Split without obtaining the approval of their shareholders meetings in accordance with the procedures for short from company splits under the provisions of Article 784, Paragraph 2 of the Companies Act.,

(Note2) Effective date of the New Manufacturing Company Split, the Share Undertaking and the New Sales Company Split

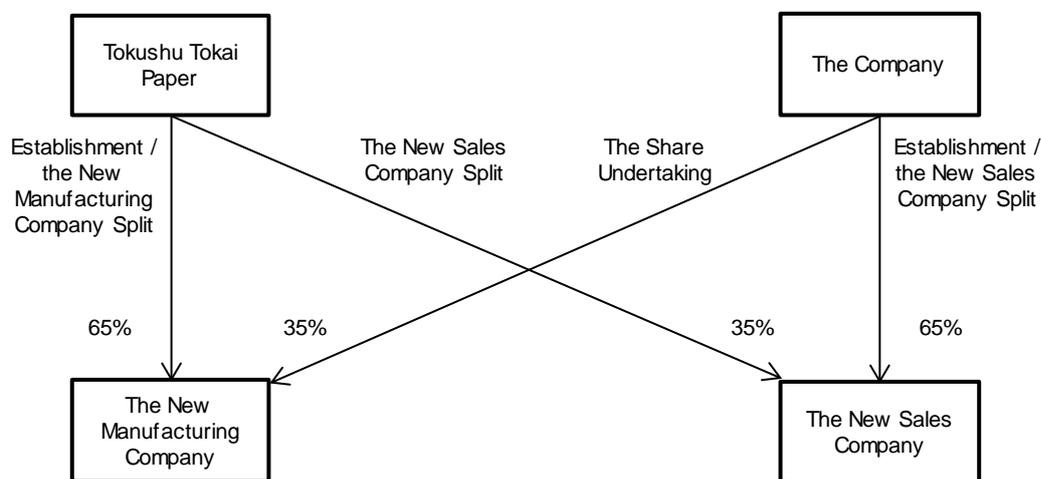
### 2. Scheme of the Business Alliance

- ① Process of the New Manufacturing Company Split and the Share Undertaking
  - (i) Tokushu Tokai Paper to establish a new company for the demerger of Shimada Mill
  - (ii) Tokushu Tokai Paper to conduct an absorption-type company split by which rights and obligations, including the manufacturing function of the Business of Tokushu Tokai Paper, that Tokushu Tokai Paper owns related to its business operated in Shimada Mill will be transferred to the New Manufacturing Company (the New Manufacturing Company Split).
  - (iii) The Company to undertake the shares in the New Manufacturing Company, amounting to 6,250 million Japanese yen (the Share Undertaking).
  - (iv) As a result of (ii) and (iii) above, the Company will hold 122,500 shares (35%), and Tokushu Tokai Paper will hold 227,500 shares (65%) in the New Manufacturing Company.
- ② Process of the New Sales Company Split
  - (i) The Company to establish a new company for the integration of their sales functions of the Business.
  - (ii) The Company and Tokushu Tokai Paper to conduct an absorption-type company split respectively by which rights and obligations, that the Company and Tokushu Tokai Paper

respectively own related to their sales functions of the Business, will be transferred to the New Sales Company (the New Sales Company Split).

- (iii) As a result of (ii) above, the Company will hold 84,500 shares (65%), and Tokushu Tokai Paper will hold 45,500 shares (35%) in the New Sales Company Split.

[Schematic Drawing of the Business Alliance]



※ Shareholding ratios of both parties in the New Manufacturing Company and in the New Sale Company are post completion of the scheme of the Business Integration

### 3. Details of allotted shares in connection with the Business Alliance

- ① Details of allocation of shares the New Manufacturing Company by the New Manufacturing Company Split and the Share Undertaking

The New Manufacturing Company will newly issue 227,300 shares upon the New Manufacturing Company Split, and Tokushu Tokai Paper will undertake all of the shares. On the other hand, the New Manufacturing Company will newly issue 122,500 shares upon the New Manufacturing Company Split, and the Company will undertake all of the shares.

- ② Details of allocation of shares the New Sale Company by the New Sales Company Split

The New Sale Company will newly issue 84,300 shares for the New Sales Company Split by the Company. On the other hand, The New Sale Company will newly issue 45,500 shares for the New Sales Company Split by Tokushu Tokai Paper.

### 4. Handling of Subscription Warrants and Bonds with Subscription Warrants in connection with the Business Alliance

The Company has not issued subscription warrants or bonds with subscription warrants. The Subscription Warrants Tokushu Tokai Paper has issued will not be transferred by both of the New Manufacturing Company Split and the New Sales Company Split by Tokushu Tokai Paper.

### 5. Capital increase or decrease caused by the Business Alliance

There will be no increase or decrease in the Company's capital caused by the Business Alliance.

## **6. Rights and obligations to be assumed by the New Manufacturing Company and the New Sales Company**

The New Manufacturing Company will succeed assets, liabilities, rights and obligations, including the manufacturing function of the Business of Tokushu Tokai Paper, that Tokushu Tokai Paper owns related to its business operated in Shimada Mill by the New Manufacturing Company Split. The New Sales Company will succeed assets, rights and obligations, that the Company and Tokushu Tokai Paper respectively own related to their sales functions of the Business by the New Sales Company Split.

## **7. Expectations regarding ability to perform liability obligations**

The Company, the New Manufacturing Company and the New Sale Company are expected to fulfill performance of respective liability obligations which become due after the effective date of the New Manufacturing Company Split, the Share Undertaking and the New Sales Company Split.

## **III. Basis of the Calculation of the Allotment of the New Sales Company shares**

### **1. Rationales and Reasons of Allotment ratio**

The Company and Tokushu Tokai Paper deliberately negotiated and discussed the allotment of the New Sales Company shares taking into account such factors as third party appraisals, execution of due diligence, financial positions and future projections of each sales business. As a result of such negotiations, both parties came to a decision that the allotment ratio described “II. Details of the Business Alliance 3. Details of allotted shares in connection with the Business Alliance” is fair and executed the Integration Agreement today.

### **2. Calculation Basis**

To ensure that the allotment ratio of the New Sales Company used in the Business Alliance is calculated in a fair and appropriate manner, the Company appointed Mizuho Securities Co., Ltd. (“Mizuho Securities”) as an independent third party appraiser. Mizuho Securities is neither a related party nor a material interested party of each of the Company and Tokushu Tokai Paper.

Mizuho Securities adopted discounted cash flow analysis (“DCF”) to calculate the allotment ratio of the New Sales Company shares mainly because the New Sales Company is private. Mizuho Securities used the future projections on a stand-alone basis, provided by the Company and Tokushu Tokai Paper respectively, which do not include synergies of the Business Alliance, as the basis of the DCF.

Further, in the future projections of the New Sales Company on the Company’s side, from the fiscal year ending March 2017 to the fiscal year ending March 2019, which Mizuho Securities used as the basis of the DCF, a significant increase in profit in the fiscal year ending March 2018 is expected by improved product competitiveness through improvement of cost of goods sold mainly brought by reduction in fixed cost at each production base of the Company. As a result, operating income of approximately 1 billion yen (increase of around 60% from the previous fiscal year) is expected.

In addition, in the future projections of the New Sales Company on the Tokushu Tokai Paper’s side, from the fiscal year ending March 2017 to the fiscal year ending March 2019, which Mizuho Securities used as the basis of the DCF, a significant increase in profit in the fiscal year ending March 2018 is expected by improved product competitiveness mainly through improvement of cost

of goods sold brought by operation of the biomass boiler at the New Manufacturing Company. As a result, operating income of approximately 0.5 billion yen (increase of around 160% from the previous fiscal year) is expected.

The summary of the allotment of the New Sales Company shares to the Company is below.

	Range of the allotment of shares
DCF	83,387-94,291 shares

The summary of the allotment of the New Sales Company shares to Tokushu Tokai Paper is below.

	Range of the allotment of shares
DCF	35,709-46,613 shares

(Note) In performing its analysis with respect to the allotment ratio of the New Sales Company shares, Mizuho Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Tokushu Tokai Paper or the Company, as appropriate basis for its analysis. With respect to the financial projections, Mizuho Securities has assumed that they have been reasonably prepared to reflect the best currently available estimates and judgments of the management of Tokushu Tokai Paper and the Company of the future financial performance of the New Sales Company. Mizuho Securities has not made, nor has it obtained from any third party, any independent valuation or appraisal of the assets or liabilities (including any off-balance sheet assets and liabilities and contingent liabilities) of the New Sales Company. The analysis by Mizuho Securities is based on the aforementioned information made available to it as of April 22, 2016.

According to Tokushu Tokai Paper, Tokushu Tokai Paper appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“Mitsubishi UFJ Morgan Stanley Securities”) as an independent third party appraiser. Mitsubishi UFJ Morgan Stanley Securities is neither a related party nor a material interested party of the Company and Tokushu Tokai Paper.

Mitsubishi UFJ Morgan Stanley Securities adopted DCF to calculate the allotment ratio of the New Sales Company shares mainly because the New Sales Company is private. Mitsubishi UFJ Morgan Stanley Securities used the future projections on a stand-alone basis, provided by the Company and Tokushu Tokai Paper respectively, which do not include synergies of the Business Alliance, as the basis of the DCF.

Further, in the future projections of the New Sales Company on the Company’s side, from the fiscal year ending March 2017 to the fiscal year ending March 2019, which Mitsubishi UFJ Morgan Stanley Securities used as the basis of the DCF, a significant increase in profit in the fiscal year ending March 2018 is expected by improved product competitiveness through improvement of cost of goods sold mainly brought by reduction in fixed cost at each production base of the Company. As a result, operating income of approximately 1 billion yen (increase of around 60% from the previous fiscal year) is expected.

In addition, in the future projections of the New Sales Company on the Tokushu Tokai Paper’s side, from the fiscal year ending March 2017 to the fiscal year ending March 2019, which Mitsubishi UFJ Morgan Stanley Securities used as the basis of the DCF, a significant increase in profit in the fiscal year ending March 2018 is expected by improved product competitiveness mainly through

improvement of cost of goods sold brought by operation of the biomass boiler at the New Manufacturing Company. As a result, operating income of approximately 0.5 billion yen (increase of around 160% from the previous fiscal year) is expected.

The summary of the allotment of the New Sales Company shares to the Company is below.

	Range of the allotment of shares
DCF	83,533-95,921 shares

The summary of the allotment of the New Sales Company shares to Tokushu Tokai Paper is below.

	Range of the allotment of shares
DCF	34,079-46,467 shares

(Note) In performing its analysis with respect to the allotment ratio of the New Sales Company shares, Mitsubishi UFJ Morgan Stanley Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Tokushu Tokai Paper or the Company, as appropriate basis for its analysis. With respect to the financial projections, Mitsubishi UFJ Morgan Stanley Securities has assumed that they have been reasonably prepared to reflect the best currently available estimates and judgments of the management of Tokushu Tokai Paper and the Company of the future financial performance of the New Sales Company. Mitsubishi UFJ Morgan Stanley Securities has not made, nor has it obtained from any third party, any independent valuation or appraisal of the assets or liabilities (including any off-balance sheet assets and liabilities and contingent liabilities) of the New Sales Company. The analysis by Mitsubishi UFJ Morgan Stanley Securities is based on the aforementioned information made available to it as of April 22, 2016.

#### IV. Overview of the Parties to the Business Alliance

	Splitting company	Splitting company
(1) Company name	Nippon Paper Industries Co., Ltd.	Tokushu Tokai Paper Co., Ltd.
(2) Location	1-4-1 Oji, Kita-ku, Tokyo, Japan	4379 Mukaijima-cho, Shimada City, Shizuoka, Japan
(3) Title and name of representative	Fumio Manoshiro, President & Representative Director	Yuji Matsuda, President & Representative Director
(4) Business description	Manufacture and sale of paper and pulp, paper-related business, wood material, timber, construction materials and civil engineering & construction-related businesses, and distribution, leisure and other businesses	Manufacture, processing and sale of paper pulp, and management of subsidiaries, etc.
(5) Capital	104,873 million yen (as of December 31, 2015)	11,485 million yen (as of December 31, 2015)

(6)	Date established	August 1, 1949	April 2, 2007																																								
(7)	Total number of share issued	116,254,892 shares (as of December 31, 2015)	163,297,510 shares (as of December 31, 2015)																																								
(8)	Fiscal year end	March 31	March 31																																								
(9)	Number of employees	4,956 (non-consolidated) 12,771 (consolidated) (as of March 31, 2015)	816 (non-consolidated) 1,506 (consolidated) (as of March 31, 2015)																																								
(10)	Major banks	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	The Shizuoka Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.																																								
(11)	Major shareholders and shareholding ratios (as of September 30, 2015)	<table border="0"> <tr> <td>Japan Trustee Services Bank, Ltd. (trust account)</td> <td>6.92%</td> <td>Mitsubishi Corporation</td> <td>8.45%</td> </tr> <tr> <td>ICHIGO TRUST PTE.LTD. (Standing proxy Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)</td> <td>4.90%</td> <td>Japan Trustee Services Bank, Ltd. (trust account)</td> <td>4.23%</td> </tr> <tr> <td>Master Trust of Japan, Ltd. (trust account)</td> <td>4.89%</td> <td>The Shizuoka Bank, Ltd.</td> <td>3.53%</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>3.73%</td> <td>Chuo Tatemono co., ltd.</td> <td>3.37%</td> </tr> <tr> <td>CHASE MANHATTAN BANK-GTS CLIENTS ACCOUNT ESCROW (Standing proxy Mizuho Bank, Ltd.)</td> <td>3.52%</td> <td>SHINSEI PULP &amp; PAPER COMPANY LIMITED</td> <td>3.08%</td> </tr> <tr> <td>Rengo Co., Ltd.</td> <td>2.88%</td> <td>Daio Paper Corporation</td> <td>3.00%</td> </tr> <tr> <td>Nippon Paper Industries Co., Ltd. Employee Stock Ownership</td> <td>2.69%</td> <td>Tokushu Tokai Paper Customers ' Shareholding Association</td> <td>2.77%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>2.66%</td> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td> <td>2.27%</td> </tr> <tr> <td>MITSUI LIFE INSURANCE COMPANY LIMITED</td> <td>1.94%</td> <td>Oji Holdings Corporation</td> <td>1.84%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (trust account 9)</td> <td>1.83%</td> <td>Takeo Co., Ltd.</td> <td>1.62%</td> </tr> </table>	Japan Trustee Services Bank, Ltd. (trust account)	6.92%	Mitsubishi Corporation	8.45%	ICHIGO TRUST PTE.LTD. (Standing proxy Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	4.90%	Japan Trustee Services Bank, Ltd. (trust account)	4.23%	Master Trust of Japan, Ltd. (trust account)	4.89%	The Shizuoka Bank, Ltd.	3.53%	Mizuho Bank, Ltd.	3.73%	Chuo Tatemono co., ltd.	3.37%	CHASE MANHATTAN BANK-GTS CLIENTS ACCOUNT ESCROW (Standing proxy Mizuho Bank, Ltd.)	3.52%	SHINSEI PULP & PAPER COMPANY LIMITED	3.08%	Rengo Co., Ltd.	2.88%	Daio Paper Corporation	3.00%	Nippon Paper Industries Co., Ltd. Employee Stock Ownership	2.69%	Tokushu Tokai Paper Customers ' Shareholding Association	2.77%	Nippon Life Insurance Company	2.66%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.27%	MITSUI LIFE INSURANCE COMPANY LIMITED	1.94%	Oji Holdings Corporation	1.84%	Japan Trustee Services Bank, Ltd. (trust account 9)	1.83%	Takeo Co., Ltd.	1.62%	
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(12)	Relationship between the parties, etc.																																										
	Capital relationship	There are no particularly notable capital relationships between the parties.																																									
	Personnel relationship	There are no particularly notable personnel relationships between the																																									

	parties.
Business relationship	There are no particularly notable business relationships between the parties.
Applicability to related parties	Not applicable

(13) Business results and financial position in the last 3 years (consolidated)

Fiscal year	The Company			Tokushu Tokai Paper		
	Fiscal year ended March 2013 [*1]	Fiscal year ended March 2014	Fiscal year ended March 2015	Fiscal year ended March 2013	Fiscal year ended March 2014	Fiscal year ended March 2015
Consolidated net assets	396,460	426,584	489,740	59,091	63,760	63,897
Consolidated total assets	1,497,729	1,480,894	1,495,622	120,138	125,302	126,861
Consolidated net asset per share (yen)	3,391.59	3,652.76	4,198.10	412.68	428.61	429.11
Consolidated net sales	1,025,078	1,081,277	1,052,491	75,564	78,159	78,843
Consolidated operating income	25,145	28,536	23,656	4,169	3,180	2,477
Consolidated ordinary income	23,081	28,188	23,204	4,208	3,522	2,761
Consolidated net income	10,652	22,770	23,183	2,468	2,180	204
Consolidated net income per share (yen)	92.00	196.67	200.27	17.27	14.95	1.39
Dividends per share (yen)	40.0[*2]	40.0	50.0	5.00	5.00	5.00

(unit: Millions of yen, unless otherwise stated)

[\*1] The Company acquired wholly-owning parent company Nippon Paper Group, Inc. by absorption-type merger on April 1, 2013. In the above table, the business results and financial position for the fiscal year ended March 2013 are the consolidated results of Nippon Paper Group, Inc.

[\*2] The Company paid the year-end dividend of Nippon Paper Group, Inc. for the fiscal year ended March 2013 (30 yen per share) based on the register of shareholders of the Company as of April 1, 2013. The annual dividend in real terms, including the interim dividend of Nippon Paper Group, Inc. for said fiscal year (10 yen per share), was 40 yen per share, and this is the figure stated in the above table.

	The New Manufacturing Company (as of April 1, 2016)	The New Sales Company (established on July 2016) (tentative)
(1) Company name	Shin Tokai Paper	As of the present not finalized
(2) Location	4379 Mukaijima-cho, Shimada City, Shizuoka, Japan	As of the present not finalized

(3)	Title and name of representative	Katsuhiro Watanabe, President & Representative Director	As of the present not finalized
(4)	Business description	Manufacture, processing and sale of paper pulp, and management of subsidiaries, etc.	Sale of paper and paperboard
(5)	Capital	10 million yen	As of the present not finalized
(6)	Date established	April 1, 2016	As of the present not finalized
(7)	Total number of share issued	200 shares	200 shares
(8)	Fiscal year end	March 31	As of the present not finalized
(9)	Major shareholders and shareholding ratios	Tokushu Tokai Paper 100%	As of the present not finalized

[\*1] As the New Manufacturing Company was established on April 1, 2016, it does not have any fixed fiscal financial and business results.

[\*2] As the New Sales Company will be established on July 2016, it does not have any fixed fiscal financial and business results.

## V. Overview of the split business

### 1. Contents of businesses of the division to be split or succeeded

The scope of the Business Alliance is as follows;

- ① manufacturing and other functions of the Business that Tokushu Tokai Paper operates in Shimada Mill
  - ② sales function of the Business that each of the Company and Tokushu Tokai Paper operates
- Furthermore, certain subsidiaries and affiliates relating to the above functions of Tokushu Tokai Paper are also included in the scope of the Business Alliance.

### 2. Business results of the division to be split or succeeded

The Company

	Scope of the Business Alliance
Consolidated sales	72.4 billions of yen

Tokushu Tokai Paper

	Scope of the Business Alliance
Consolidated sales	35.5 billions of yen

(Note) Above consolidated sales are the actual results of the fiscal year ended March 2015.

### 3. Accounts and book values of the assets and liabilities to be split or succeeded

#### The New Manufacturing Company Split

Assets		Liabilities	
Accounts	Book values (billions of yen)	Accounts	Book values (billions of yen)
Current assets	4.2	Current liabilities	3.5
Fixed assets	25.2	Fixed liabilities	18.2
Total	29.5	Total	21.7

#### The New Sale Company Split (the Company)

Assets		Liabilities	
Accounts	Book values (billions of yen)	Accounts	Book values (billions of yen)
Current assets	5.0	Current liabilities	0
Fixed assets	0	Fixed liabilities	0
Total	5.0	Total	0

#### The New Sale Company Split (Tokushu Tokai Paper)

Assets		Liabilities	
Accounts	Book values (billions of yen)	Accounts	Book values (billions of yen)
Current assets	1.9	Current liabilities	0
Fixed assets	0	Fixed liabilities	0
Total	1.9	Total	0

(Note) As the accounts and book values above are based on the amounts as of December 31, 2015, there are possibilities that actual split amount are different from the amounts above.

## VI. Overview of the Parties post the Business Alliance

### Overview of the Company (Splitting Company) post the Business Alliance

	The Company
(1) Company name	Nippon Paper Industries Co., Ltd
(2) Location	1-4-1 Oji, Kita-ku, Tokyo, Japan
(3) Title and name of representative	Fumio Manosiro, President & Representative Director
(4) Business description	Manufacture and sale of paper and pulp, paper-related business, wood material, timber, construction materials and civil engineering & construction-related businesses, and distribution, leisure and other businesses
(5) Capital	As of the present not finalized
(6) Fiscal year end	March 31
(7) Net assets	As of the present not finalized
(8) Total assets	As of the present not finalized

Overview of the Tokushu Tokai Paper (Splitting Company) post the Business Alliance

	Tokushu Tokai Paper
(1) Company name	Tokushu Tokai Paper Co., Ltd.
(2) Location	4379 Mukaijima-cho, Shimada City, Shizuoka, Japan
(3) Title and name of representative	Yuji Matsuda, President & Representative Director
(4) Business description	Manufacture, processing and sale of paper pulp, and management of subsidiaries, etc.
(5) Capital	As of the present not finalized
(6) Fiscal year end	March 31
(7) Net assets	As of the present not finalized
(8) Total assets	As of the present not finalized

Overview of the New Manufacturing Company post the Business Alliance

	The New Manufacturing Company
(1) Company name	Shin Tokai Paper
(2) Location	4379 Mukaijima-cho, Shimada City, Shizuoka, Japan
(3) Title and name of representative	Katsuhiro Watanabe, President & Representative Director
(4) Business description	Manufacture, processing and sale of paper pulp, and management of subsidiaries, etc.
(5) Capital	As of the present not finalized
(6) Fiscal year end	March 31
(7) Net assets	As of the present not finalized
(8) Total assets	As of the present not finalized

Overview of the New Sales Company post the Business Alliance

	The New Sale Company
(1) Company name	As of the present not finalized
(2) Location	As of the present not finalized
(3) Title and name of representative	As of the present not finalized
(4) Business description	Sale of paper and paperboard
(5) Capital	As of the present not finalized
(6) Fiscal year end	As of the present not finalized
(7) Net assets	As of the present not finalized
(8) Total assets	As of the present not finalized

## VII. Future Outlook

As the effective date of the Business Alliance is scheduled for October 2016, the Business Alliance will have no material impact on its consolidated financial results for the fiscal year ending March 31, 2016. The Company is currently examining the impact on its consolidated financial results for the fiscal year ending March 31, 2017 and will announce the impact in due course. .

(Reference) Consolidated financial forecasts for the fiscal year ending March 2016 (as released on February 10, 2016)

	Sales	Operating profit	Recurring profit	Net profit attributable to shareholders of the parent company	Net profit per share
Unit	millions of yen	millions of yen	millions of yen	millions of yen	yen
Forecasts for the fiscal year ending March 2016	1,030,000	25,000	20,000	1,000	8.64

END